

2SHB 1569 - H AMD 115

By Representative Bailey

FAILED 3/10/2007

1 On page 18, line 24, strike all of section 302 and insert the
2 following:

3 "NEW SECTION. Sec. 302.

4 (1) An insurer offering any health benefit plan to a small
5 employer, either directly or through an association or member-
6 governed group formed specifically for the purpose of purchasing
7 health care, may offer and actively market to the small employer no
8 more than one health benefit plan featuring a limited schedule of
9 covered health care services.

10 (a) The plan offered under this subsection may be offered with
11 a choice of cost-sharing arrangements, and may, but is not required
12 to, comply with: RCW 48.21.130 through 48.21.240, 48.21.244
13 through 48.21.280, 48.21.300 through 48.21.320, 48.43.045(1) except
14 as required in (b) of this subsection, 48.43.093, 48.43.115 through
15 48.43.185, 48.43.515(5), or 48.42.100.

16 (b) In offering the plan under this subsection, the insurer
17 must offer the small employer the option of permitting every
18 category of health care provider to provide health services or care
19 for conditions covered by the plan pursuant to RCW 48.43.045(1).

20 (2) An insurer offering the plan under subsection (1) of this
21 section must also offer and actively market to the small employer
22 at least one additional health benefit plan.

23 (3) Nothing in this section shall prohibit an insurer from
24 offering, or a purchaser from seeking, health benefit plans with
25 benefits in excess of the health benefit plan offered under
26 subsection (1) of this section. All forms, policies, and contracts
27 shall be submitted for approval to the commissioner, and the rates
28 of any plan offered under this section shall be reasonable in
29 relation to the benefits thereto.

1 (4) Premium rates for health benefit plans for small employers
2 as defined in this section shall be subject to the following
3 provisions:

4 (a) The insurer shall develop its rates based on an adjusted
5 community rate and may only vary the adjusted community rate for:

6 (i) Geographic area;

7 (ii) Family size;

8 (iii) Age; and

9 (iv) Wellness activities.

10 (b) The adjustment for age in (a)(iii) of this subsection may
11 not use age brackets smaller than five-year increments, which shall
12 begin with age twenty and end with age sixty-five. Employees under
13 the age of twenty shall be treated as those age twenty.

14 (c) The insurer shall be permitted to develop separate rates
15 for individuals age sixty-five or older for coverage for which
16 medicare is the primary payer and coverage for which medicare is
17 not the primary payer. Both rates shall be subject to the
18 requirements of this subsection (4).

19 (d) The permitted rates for any age group shall be no more than
20 four hundred twenty-five percent of the lowest rate for all age
21 groups on January 1, 1996, four hundred percent on January 1, 1997,
22 and three hundred seventy-five percent on January 1, 2000, and
23 thereafter.

24 (e) A discount for wellness activities shall be permitted to
25 reflect actuarially justified differences in utilization or cost
26 attributed to such programs.

27 (f) The rate charged for a health benefit plan offered under
28 this section may not be adjusted more frequently than annually
29 except that the premium may be changed to reflect:

30 (i) Changes to the enrollment of the small employer;

31 (ii) Changes to the family composition of the employee;

32 (iii) Changes to the health benefit plan requested by the small
33 employer; or

34 (iv) Changes in government requirements affecting the health
35 benefit plan.

36 (g) Rating factors shall produce premiums for identical groups
37 that differ only by the amounts attributable to plan design, with
38 the exception of discounts for health improvement programs.

1 (h) For the purposes of this section, a health benefit plan
2 that contains a restricted network provision shall not be
3 considered similar coverage to a health benefit plan that does not
4 contain such a provision, provided that the restrictions of
5 benefits to network providers result in substantial differences in
6 claims costs. A carrier may develop its rates based on claims
7 costs for a plan. This subsection does not restrict or enhance the
8 portability of benefits as provided in RCW 48.43.015.

9 (i) Except for small group health benefit plans that qualify as
10 insurance coverage combined with a health savings account as
11 defined by the United States internal revenue service, adjusted
12 community rates established under this section shall pool the
13 medical experience of all small groups purchasing coverage.
14 However, annual rate adjustments for each small group health
15 benefit plan may vary by up to plus or minus eight percentage
16 points from the overall adjustment of a carrier's entire small
17 group pool. A variation that is not denied within thirty days shall
18 be deemed approved. The commissioner must provide to the carrier
19 a detailed actuarial justification for any denial at the time of
20 the denial.

21 (5) Nothing in this section shall restrict the right of
22 employees to collectively bargain for insurance providing benefits
23 in excess of those provided herein.

24 (6)(a) Except as provided in this subsection, requirements used
25 by an insurer in determining whether to provide coverage to a small
26 employer shall be applied uniformly among all small employers
27 applying for coverage or receiving coverage from the carrier.

28 (b) An insurer shall not require a minimum participation level
29 greater than:

30 (i) One hundred percent of eligible employees working for
31 groups with three or less employees; and

32 (ii) Seventy-five percent of eligible employees working for
33 groups with more than three employees.

34 (c) In applying minimum participation requirements with respect
35 to a small employer, a small employer shall not consider employees
36 or dependents who have similar existing coverage in determining
37 whether the applicable percentage of participation is met.

38 (d) An insurer may not increase any requirement for minimum
39 employee participation or modify any requirement for minimum

1 employer contribution applicable to a small employer at any time
2 after the small employer has been accepted for coverage.

3 (7) An insurer must offer coverage to all eligible employees of
4 a small employer and their dependents. An insurer may not offer
5 coverage to only certain individuals or dependents in a small
6 employer group or to only part of the group. An insurer may not
7 modify a health plan with respect to a small employer or any
8 eligible employee or dependent, through riders, endorsements or
9 otherwise, to restrict or exclude coverage or benefits for specific
10 diseases, medical conditions, or services otherwise covered by the
11 plan.

12 (8) As used in this section, "health benefit plan," "small
13 employer," "adjusted community rate," and "wellness activities"
14 mean the same as defined in RCW 48.43.005."

EFFECT: Health carriers are authorized to offer a health benefit plan with a limited schedule of covered health care services. Annual rate adjustments for each small group health benefit plan may vary by eight percentage points from the overall adjustment of a carrier's entire small group pool, instead of four percentage points. Health savings accounts will not be included in the adjusted community rates that pool the medical experience of all small groups purchasing coverage.